

Village of Painted Post and Town of Erwin
Shared Services/Consolidation Study Committee

September 22, 2011

Present: William Hallinan, Patrick McCaig, Chuck Stebbins, Joe Reilly, Philip Roche, Wes Strzegowski, Bill Scheidweiler, Charles Zettek (CGR)

Resource: Marcia Webber, Roz Crozier, David Erwin

Mr. Roche called the meeting to order at 5:35.

The minutes from July 7, 2011 and August 18, 2011 will be emailed to committee members before the next meeting.

Mr. Zettek distributed a packet of "chapters" combining key information gathered by CGR and the sub-committees. This will be reviewed and modified for the committee's approval in order to create the final PowerPoint report for presentation to the joint boards and the community.

KEY BACKGROUND ASSUMPTIONS AND CHOICES

Mr. Hallinan is concerned that there isn't enough specific factual data to support topic 5-2 if a question was fielded during the public forum. Mr. Stebbins suggested adding a note that these projections are what is possible and should be considered targets for future tax benefits since there are no exact numbers that you can predict for the future.

KEY BASELINE FISCAL IMPACT MODELS

Mr. Strzegowski suggested a note on table B-2 stating that the CETC is not guaranteed money. Mr. Zettek will add a footnote stating that the CETC amount is annual appropriation from the State subject to the annual budget review process.

ADMINISTRATIVE AND LEGISLATIVE FUNCTIONS

No modifications for final report.

POLICE

Mr. Roche would like a note stating that all options for police create a savings for the village residents.

FIRE

Mr. Hallinan is concerned that the \$1.30/1000 tax rate isn't accurate because there are no capital reserves for future purchases. Mr. Zettek explained this had happened in another study and they simply added that a capital reserve fund must be created, but it is not possible to project what that will be and that this is a result of a management problem by the past or current Village Board. Mr. Roche suggested

obtaining the actual amount spent on the fire department for the last 20 years and calculating the rate/1000 that would be needed yearly to create a capital reserve fund.

Committee is suggesting option 2.

PUBLIC WORKS, WATER, SEWER FUNCTIONS

A note will be added that these savings are based on the assumption that if the Village dissolves, the Town would continue to provide the same level of service. ie. Sidewalks, parking lots In actuality, the dollar amount would probably be more considering under Town management the maintenance of the sidewalks, etc. would not continue, but there is no way to calculate these savings.

WATER AND SEWER INFRASTRUCTURE FINDINGS SUMMARY)

)No modifications for final report.

FACILITIES AND EQUIPMENT OPTIONS SUMMARY)

All agree that it needs to be stressed that all of these savings are conservative and yet still significant, and in actuality may be much greater.

Mr. Roche outlined the next steps.

Mr. Zettek will prepare a draft of the final report that will include the "asterisk points" discussed tonight and distribute to committee members.

After review and agreement by committee members, a PowerPoint presentation will be created for presentation to Town and Village Boards and finally to the community.

*All handouts are posted as part of the monthly minutes. *

The next meeting will be a presentation to the Town and Village Boards on October 20, 2011 from 5:30-7:00 at the Village Hall.

The public forum will take place October 27, 2011 starting at 5:30 at West High School.

Meeting adjourned at 7:40.

Village of Painted Post/Town of Erwin Options and Tax Impact Summary of Key Points

Key Background Assumptions and Choices

This paper reviews key assumptions and choices underlying the findings/ options and fiscal projections made in developing the components of this report.

1. **Personnel.** Savings estimates for personnel costs are rounded to \$1,000 increments. No specific staff names are identified if there are staff reductions, since the actual staff changes will have to be worked out during a transition period. Staff savings are based upon full-time equivalent (FTE) costs, not actual staff (positions). Where part-time positions are reduced, a reasonable guestimate was used for the cost savings, since the actual amount of part-time salaries varied significantly. The Committee's assumption is that personnel savings will likely come as a result of attrition over time. However, details will be subject to actual implementation discussions.
2. **Current Staffing.** Table S-1 below provides the current staffing levels in the Village and Town showing both part-time and full-time positions as reflected in the budgets.
3. **Cross-department costs.** Where personnel costs were split among various departments, the assumption was made that any savings would be allocated to the general fund, i.e. would result in property tax savings rather than enterprise funds that are supported by user fees.
4. **Salaries and benefits.** Unless otherwise noted, it was assumed that salaries and benefits would remain as is for calculation purposes. However, the impact on actual salaries and benefits on a person-by-person basis will depend on whether any changes will be as a result of shared services, functional consolidation or village dissolution. In particular, a functional consolidation of staff under one employer will require negotiation of salaries and benefits for the merged staff. However, if the village dissolves, what happens to village staff will be entirely up to the town with regards to creating new positions, setting salary and benefits and hiring new employees.
5. **Assigning tax benefits.** Fiscal impact projections had to make certain assumptions about which taxpayers would be affected by expenditure and/or revenue changes. Unless otherwise noted, the general assumptions used were as follows: 1) unless otherwise noted, shared services and functional consolidation savings were split between the village and town wide taxpayers based upon the extent to which costs could be assigned to one or the other; 2) savings/costs as a result of the village dissolving were assigned to either former village taxpayers if a special district would be created, or to town wide taxpayers for everything else, unless otherwise noted.
6. **Baseline figures.** The financial information used to describe current operations and make projections was 2010-11 Village budget and 2011 Town budget data. Financial and tax impact estimates are not intended to be projections for the future – they are intended to

show how current expenditures, revenue and property taxes would be different if the changes identified in this project had been in effect at this time.

Table S-1: Current Staffing - Funded Positions in Painted Post and Erwin					
Area	Village FT	Village PT	Town FT	Town PT	Total Positions
Administration*	1	2	7	2	12
Mayor/Town Supervisor		1		1	2
Trustees/Councilmen		3		4	7
Highway	8		11		19
Water/Sewer/WWTP	2		5	1	8
Police & Fire	3	7			10
Crossing Guard				1	1
Court			1	4	5
Code Enforcement			2		2
Assessor			1		1
Summer Parks**				14	14
Total Employees (FT & PT)	14	13	27	27	81

Source: Village and Town Data

*Includes water and sewer billing, code enforcement and highway clerical support as well as all other administrative personnel, including the part time Village attorney.

**Summer park employees are seasonal and include park laborers and summer park recreation program employees.

Village of Painted Post/Town of Erwin Options and Tax Impact Summary of Key Points

Key Baseline Fiscal Impact Models

Tables B-1, B-2 and B-3 present what will be referred to as the Baseline Fiscal Impact models. Table B-1 represents the current property taxes levied by the Village and Town, but not including the various Town special districts or independent taxing districts. Table B-2 provides the baseline impact on costs and revenues if the Village were to dissolve. This is the minimum impact that can be projected. Table B-3 shows the property tax projections based upon the changes in costs and revenues identified in Table B-2.

Note – the baseline models show what would happen both without and with the state consolidation incentive funding (CETC). CETC funding is only provided if the Village and Town fully consolidate through dissolution of the Village. It is not provided for shared services or functional consolidation between the Village and Town

Table B-1		
2011 Tax Rates per \$1000 AV for a Village and TOV Taxpayer		
(Includes Fund Balances)		
	Village	TOV
Town wide	\$2.78	\$2.78
TOV	-	\$2.60
Village	\$17.74	-
Fire Protection District 423		\$1.56
CP/LA Fire District		\$1.35
FV/GM Fire District		\$1.01
Total	\$20.52	\$5.38*

*Plus the appropriate fire district taxes and any other special district taxes.

Source: Reflects 2011 Tax Rates.

Table B-2	
Village of Painted Post & Town of Erwin	
Baseline Impact of Dissolution on Costs and Revenues	
Description	Amount
Elimination of Village Board and related expenses	\$ (5,175)
Elimination of NYCOM Dues	\$ (1,200)
Total Expense Reduction	\$ (6,375)
Loss of Gross Utilities Receipt Tax revenue	\$ 15,000
TOTAL Net Property Tax Increase or (Decrease)	\$ 8,625
CETC Incentive from NYS - Additional Revenue	\$ 565,069

Note: The loss of GURT is a tax reduction to Village utility customers but negatively affects property tax calculations.

Table B-3		
Fiscal Impact of Village Dissolution - If Police District in Former Village Only		
Tax Rates, per \$1000 Assessed Value		
	Former Village	Former TOV
Townwide	\$6.54	\$6.54
Former Village Debt District	\$0.56	-
New Fire District in Former Village	\$1.30	-
Police District in Former Village	\$4.32	-
Street Lighting District in former Village	\$1.08	-
Total*	\$13.79	\$6.54
Impact of CETC	\$1.11	\$1.11
TOTAL w/CETC	\$12.68	\$5.43

Source: Calculated by CGR

*For TOV, need to add the appropriate fire district taxes and any other special district taxes.

1. Assumes application of fund balance at same level as 2010-2011.
2. CETC is Citizen Empowerment Tax Credit.
3. Reflects 2011 Tax Rates.

Village of Painted Post/Town of Erwin Options and Tax Impact Summary of Key Points

Administration and Legislative Functions

Summary of Options.

Legislative Function

1. Village Legislative functions would be eliminated with dissolution. Baseline Dissolution Impact tables assume legislative function cost reduction
 - a. Savings: \$6,375
 - b. Tax impact: Savings spread across the New Town. Included in Baseline Dissolution Impact Table 5

Administrative Functions: Administrator, Clerk and Finance

1. Shared services option. Assumes two staffs managed as a single unit under an IMA. Reduction of 2 part-time FTE's. Potential reduction in computer systems cost (undetermined)
 - a. Savings to Village: \$6,000 (rounded)
 - b. Village tax rate reduction: \$.08/\$1,000
 - c. Savings to Town: \$6,000 (rounded)
 - d. Town wide tax rate reduction: \$.01/\$1,000
2. Functional consolidation option. Village contracts with Town under an IMA. Same as Option 1.
 - a. Savings same as Option 1 for Village and Town
 - b. Tax rate reductions same as Option 1 for Village and Town
3. Village dissolution. Town takes over full administration. Assumes current Village admin. staff and attorney are not replaced. Add back 1 P.T. position for some increased admin. work load.
 - a. Savings: \$65,000 for staff (rounded). \$9,000 (rounded) other expenses. Total: \$74,000.
 - b. Tax impact: Savings spread across the New Town. See Table A-2, A-3

Additional Background Data

Table A-1 - Administrative Personnel Costs							
Employee Name	Position	Position Type FT/PT	Admin Code Costs	Water Code Costs	Sewer Code Costs	*Other Code Costs	TOTAL COSTS
Village							
Anne Names	Clerk-Treasurer	FT	\$43,455	\$2,540	\$1,905		\$47,900
Sarah Smith	Clerk	PT	\$4,037	\$1,776			\$5,813
Ronald Yorio	Attorney	PT	\$11,850				\$11,885
Village Subtotal		1 FT, 2 PT	\$59,342	\$4,316	\$1,905		\$65,598
Town							
Rita McCarthy	Town Manager	FT	\$25,110	\$20,000	\$18,000	\$66,242	\$129,352
Ruth Creeley	Town Clerk	FT	\$54,917	\$10,000	\$10,000	\$2,516	\$77,433
Kathleen Shepard	Bookkeeper to the Supvr.	FT		\$15,000	\$15,000	\$39,167	\$69,167
Ramona Sprague	Admin. Asst. to Town Mngr.	FT	150	\$5,000	\$6,000	\$54,358	\$65,358
Gloria Fay	Bookkeeper to the Supt.	FT	\$23,258	\$13,000	\$13,000		\$49,258
Deb Smith	Water/Sewer Billing Clerk	FT	\$150	\$15,000	\$14,000	\$18,675	\$47,825
Eve Fisher	Deputy Town Clerk	FT	\$31,153	\$8,000	\$8,000		\$47,153
Mary Witmer	Deputy Clerk	PT	\$15,205				\$15,205
Mary Hill	Clerical	PT	\$12,967				\$12,967
Town Subtotal		7 FT, 2 PT	\$162,910	\$86,000	\$84,000	\$180,958	\$513,718
Combined Current Admin Costs			\$222,252	\$90,316	\$85,905	\$180,958	\$579,316

*Other Code Costs includes costs budgeted to Executive, Sanitation, and Interfund Transfer.

Table A-2 - Administrative Option Incremental Change to Baseline Impact of Dissolution Table 1	
Description	Amount
Elimination of Village Board and related expenses	\$ (5,175.00)
Elimination of NYCOM Dues	\$ (1,200.00)
Administration Cost Reduction	\$ (74,000.00)
Total Expense Reduction	\$ (80,375.00)
Loss of Gross Utilities Receipt Tax revenue	\$ 15,000.00
TOTAL Net Property Tax Increase or (Decrease)	\$ (65,375.00)
CETC Incentive from NYS - Additional Revenue	\$ 565,069.00

Table A-3 - Administrative Option Incremental Change to Baseline Impact of Dissolution Table 2		
	Former Village	Former TOV
Town wide (Includes Administrative Savings)	\$6.39	\$6.39
Former Village Debt District	\$0.56	-
New Fire District in Former Village	\$1.30	-
Police District in Former Village	\$4.32	-
Street Lighting District in former Village	\$1.08	
Total*	\$13.65	\$6.39
Impact of CETC	\$1.11	\$1.11
TOTAL w/CETC	\$12.54	\$5.28

Source: Calculated by CGR

*Assumes Police District is Former Village Only

**For TOV, need to add the appropriate fire district taxes and any other special district taxes.

1. Assumes application of fund balance at same level as 2010-2011.
2. CETC is Citizen Empowerment Tax Credit.

Village of Painted Post/Town of Erwin Options and Tax Impact Summary of Key Points

Police

Summary of Options: Option 1 could occur now, or with dissolution. Options 2-4 would be dissolution options.

1. Have no local police force. Town already has none. Eliminate Village force. Rely solely on Sheriff and State Police for coverage
 - a. Savings: \$325,000/year (rounded)
 - b. Village tax rate reduction: \$4.27/\$1,000
2. Keep current size police department – charge to current Village properties as Town Police Protection District. Will require state legislation to create district.
 - a. Savings: - \$0
 - b. District tax rate to former Village: \$4.32/\$1,000
3. Create Town-wide police department. Assuming addition of 1 officer to cover larger area:
 - a. Net additional cost – officer plus car: \$95,000 for total cost of \$420,000
 - b. Tax rate for all town properties including Village: \$.83/\$1,000
4. Create expanded Police Protection District to cover former Village and 25% of TOV area. Will require state legislation to create district.
 - a. Net additional cost – officer plus car: \$95,000 for total cost of \$420,000
 - b. Tax rate in the expanded Police Protection District: \$2.27/\$1,000

Additional Background Data

1. 911 Police Events in Village and TOV

TABLE P-1

911 Police Events by Location		
	2009	2010
Village	571	643
TOV	2185	2243

Source: Steuben 911

2. Comparably sized villages with Police Departments

- a. Identified villages with population roughly 1,600 to 2,000
- b. In this range, 24 villages have no police department, 30 have a police department
- c. Table P-2 shows how Painted Post compared in 2008

TABLE P-2

Village Police Departments Reporting Police Force Numbers to NY State for 2008 with Population 1,600 to 2,000						
PD	Year	Total			Population	Measure
		Full Time	Part Time	Total	Total	Total Force Per 1,000
Nissequogue Vg PD	2008	3	16	11	1604	6.86
Sodus Vg PD	2008	1	4	3	1611	1.86
Greene Vg PD	2008	1	7	5	1646	2.73
Adams Vg PD	2008	0	7	4	1660	2.11
Chatham Vg PD	2008	3	28	17	1682	10.11
Holley Vg PD	2008	2	8	6	1686	3.56
Athens Vg PD	2008	0	13	7	1694	3.84
Altamont Vg PD	2008	1	10	6	1701	3.53
Franklinville Vg PD	2008	2	11	8	1704	4.40
Addison Vg PD	2008	1	4	3	1713	1.75
Central Square Vg PD	2008	0	16	8	1727	4.63
Allegany Vg PD	2008	3	11	9	1760	4.83
Middleport Vg PD	2008	3	5	6	1779	3.09
Painted Post Vg PD	2008	4	5	7	1779	3.65
Wayland Vg PD	2008	1	8	5	1789	2.79
New Hartford Town-Vg PD	2008	32	31	48	1802	26.36
Cambridge Vg PD	2008	4	16	12	1819	6.60
Dryden Vg PD	2008	6	6	9	1820	4.95
Greenwich Vg PD	2008	4	16	12	1827	6.57
Youngstown Vg PD	2008	0	8	4	1865	2.14
Arcade Vg PD	2008	6	10	11	1888	5.83
Cooperstown Vg PD	2008	6	7	10	1898	5.01
Weedsport Vg PD	2008	0	6	3	1915	1.57
Cold Spring Vg PD	2008	0	14	7	1996	3.51
Westhampton Beach Vg	2008	19	14	26	2011	12.93
Watkins Glen Vg PD	2008	6	9	11	2029	5.17
Boonville Vg PD	2008	3	4	5	2042	2.45
Clyde Vg PD	2008	4	5	7	2099	3.10

Village of Painted Post/Town of Erwin Options and Tax Impact Summary of Key Points

Fire

Summary of Options: Both options are dissolution options.

1. Department would become an independent non-profit fire corporation. Town would create a fire protection district in the former village. Town would contract with the fire corporation to provide service to former village.
 - a. Savings: None projected to current operations. Assumes \$20,000 of current costs for building and insurance in the Village general fund budget would transfer to fire district costs
 - b. Fire protection district tax rate: \$1.30/\$1,000

2. Department would become a fire district. District would have its own independently elected Board of Commissioners. Board would set tax rate and Town would collect.
 - a. Savings: None projected to current operations. Assumes \$20,000 of current costs for building and insurance in the Village general fund budget would transfer to fire district costs
 - b. Fire protection district tax rate: \$1.30/\$1,000

Additional Background Data

911 Fire Events in Village and TOV

TABLE F-1

911 Fire Events by Location		
	2009	2010
Village	48	45
TOV	289	316

Source: Steuben 911

Village of Painted Post/Town of Erwin Options and Tax Impact Summary of Key Points

Public Works, Water, Sewer Functions

Summary of Options

Background.

1. While the Village DPW, Water and Sewer operations, and the Town Highway, Water and Sewer operations are budgeted separately, the staff in both the Village and Town work in two or three of the functional areas, depending on the specific needs of the operations. Thus, for identifying potential efficiencies, all three functions are considered as an integrated unit
2. Intensity of D.P.W. services delivered by Village is higher than in Town. Some equipment differences to reflect different needs. However, fundamentally the operations are the same

Overall Committee Recommendations:

1. Consolidate the Village and Town public works/highway/water and sewer operations
2. Consolidate water and sewer back-office/administrative operations

Shared Services Option:

1. Shared services option. Assumes two staffs managed as an integrated unit under an IMA. May improve allocation of resources, reduce equipment redundancy. Potential for eliminating duplicate water and sewer billing operations. Reduction of 2 part-time positions, one in operations, one in billing.
 - a. Savings to Village: \$6,000 (rounded)
 - b. Village tax rate reduction: \$.08/\$1,000
 - c. Savings to Town: \$8,000 (rounded)
 - d. Town wide tax rate reduction: \$.02/\$1,000
2. Functional consolidation option. Village contracts with Town under an IMA. Significantly more efficiency savings due to managing as one department. Committee projects two FTE staffing reductions initially, one supervisory position, one MEO position. Equipment and facilities efficiencies likely but aren't costed out at this time. Position efficiencies likely to be partially offset by need to balance employee cost structure when combining the two staffs.

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- a. Savings: net of reducing two positions (\$150,000 savings) and employee cost adjustments (\$100,000 costs) = \$50,000. Assume \$90,000 reduction in contractual, goods and services through elimination of redundancy
 - b. Savings to Village: \$70,000
 - c. Village tax rate reduction: \$.92/\$1,000
 - d. Savings to Town: \$70,000
 - e. Town wide tax rate reduction: \$.14/\$1,000
3. Village dissolution. Town takes over full operation. Assumes same initial savings as identified in Option 2 (full consolidation).
 - a. Savings: \$50,000 for staff (rounded). \$90,000 (rounded) other expenses. Total: \$140,000.
 - b. Tax impact: Savings spread across the New Town. See Table A-2, A-3

Additional Background Data

Table DPW-1 - DPW Personnel Costs							
Employee Name	Position	Position Type FT/PT	Highway* Code Costs	Water Code Costs	Sewer Code Costs	Other Code Costs**	TOTAL COSTS***
Village							
Larry Smith	Superintendent	FT	\$57,284	\$21,240	\$7,095		\$85,619
James Button	Deputy Superintendent	FT	\$73,573				\$73,573
Michael Peters	WTP Operator	FT		\$77,778			\$77,778
Steve Benedict	WWTP Operator	FT			\$75,884		\$75,884
Jay Parry	MEO	FT	\$62,751				\$62,751
Earl Rawleigh	Maintenance Worker	FT	\$53,390				\$53,390
Brian Richards	Maintenance Worker	FT	\$60,312				\$60,312
Raymond Skinner	Maintenance Worker	FT	\$53,390				\$53,390
Sam Taylor	Maintenance Worker	FT	\$54,147				\$54,147
Brandon Smith	Laborer	FT	\$43,755				\$43,755
Anne Names	Clerk-Treas	FT		\$2,540	\$1,905	\$43,455	\$47,900
Sarah Smith	Clerk	PT		\$1,776		\$4,037	\$5,813
Village Subtotal		11FT 1 PT	\$458,602	\$103,334	\$84,884	\$47,492	\$694,312
Town							
Verne La Rose	Superintendent	FT	\$100,412				\$100,412
Ronald Pierson	Deputy Superintendent	FT	\$90,116				\$90,116
Elwin Terwilliger	Chief WWTP	FT		\$52,461	\$47,962		\$100,423
James Brarens	WWTP Operator	FT		\$46,183	\$39,965		\$86,148
Paul Woodhouse	WWTP Operator	FT		\$46,256	\$40,038		\$86,294
Charles Taylor Jr.	Maintenance Worker	FT		\$42,518	\$36,330		\$78,848
Andy Parzych	Laborer	FT		\$30,107	\$27,707		\$57,814
Floyd Canfield	Laborer	PT		\$8,612			\$8,612
Howard English	MEO	FT	\$80,060				\$80,060
Randy Hill	MEO	FT	\$79,844				\$79,844
Brooks Leach	MEO	FT	\$73,767				\$73,767
Howard McFall	MEO	FT	\$83,715				\$83,715
Kenneth Neally	MEO	FT	\$79,844				\$79,844
Brian Olkey	MEO	FT	\$70,225				\$70,225
Scott Rose	MEO	FT	\$71,553				\$71,553
Timothy Rose	MEO	FT	\$79,999				\$79,999
Harry Swan Jr.	MEO	FT	\$83,932				\$83,932
Deb Smith	Water/Sewer Billing Clerk	FT		\$14,000	\$15,000	\$18,825	\$47,825
Rita McCarthy	Town Manager	FT		\$20,000	\$18,000	\$91,352	\$129,352
Ruth Creeley	Town Clerk	FT		\$10,000	\$10,000	\$57,433	\$77,433
Eve Fisher	Deputy Town Clerk	FT		\$8,000	\$8,000	\$31,153	\$47,153
Gloria Fay	Bookkeeper to Supt.	FT		\$13,000	\$13,000	\$23,258	\$49,258
Kathleen Shepard	Bookkeeper to Supervisor	FT		\$15,000	\$15,000	\$39,167	\$69,167
Ramona Sprague	Admin Asst. to Town Mngr.	FT		\$5,000	\$6,000	\$54,358	\$65,358
Town Subtotal		23FT, 1PT	\$702,939	\$123,719	\$112,707	\$315,546	\$1,254,911
Combined Current Admin Costs			\$1,161,541	\$227,053	\$197,591	\$363,038	\$1,949,223

*Highway includes flood control and stream management

**Other Code Costs includes costs budgeted to Executive, Sanitation, and Interfund Transfer.

***Total Costs includes total salaries of the administrative support

Table DPW-2 - DPW Option	
Incremental Change to Baseline Impact of Dissolution Table B-2	
Description	Amount
Elimination of Village Board and related expenses	\$ (5,175)
Elimination of NYCOM Dues	\$ (1,200)
DPW Reductions	\$ (140,000)
Total Expense Reduction	\$ (146,375)
Loss of Gross Utilities Receipt Tax revenue	\$ 15,000
TOTAL Net Property Tax Increase or (Decrease)	\$ (131,375)
CETC Incentive from NYS - Additional Revenue	\$ 565,069

Note: The loss of GURT is a tax reduction to Village utility customers but negatively affects property tax calculations.

Table DPW-3 - DPW Option		
Incremental Change to Baseline Impact of Dissolution Table B-3		
	Former Village	Former TOV
Townwide (Includes DPW Reductions)	\$6.27	\$6.27
Former Village Debt District	\$0.56	-
New Fire District in Former Village	\$1.30	-
Police District in Former Village	\$4.32	\$0.00
Street Lighting District in former Village	\$1.08	
Total**	\$13.52	\$6.27
Impact of CETC	\$1.11	\$1.11
TOTAL w/CETC	\$12.41	\$5.16

Source: Calculated by CGR

*For TOV, need to add the appropriate fire district taxes and any other special district taxes.

1. Assumes application of fund balance at same level as 2010-2011.

2. CETC is Citizen Empowerment Tax Credit.

Village of Painted Post/Town of Erwin Options and Tax Impact Summary of Key Points

Water and Sewer Infrastructure Findings Summary

Water Systems – Village and Town

1. Both systems have extra capacity – Village typically pumping at 10% capacity, Town at 20% capacity
2. Infrastructure:
 - a. Town infrastructure new in last 40-50 years, based on 14” mains with laterals
 - b. Village system needs massive replacement. Mainly old 4” mains. Approximately 12,000 feet need to be replaced
3. System linkage: Village system is tied to Town as a backup to the Town. But Village water quality is not satisfactory to Corning. To create a unified system between Town and Village will require significant engineering work.
4. The systems should be integrated for long run efficiency. Suggested steps:
 - a. Consolidate the two water departments to manage as a single system
 - b. Develop an IMA to optimize use of sale of hydrofracking water to re-invest in an integrated water system
 - c. Pay for an engineering study to identify most efficient combination of Town and Village water in an integrated system
 - d. Identify appropriate mix of Village and Town water to sell for industrial use

Sewer Systems – Village and Town

1. Village sewer plant older and requires additional costs to meet new Chesapeake Bay watershed requirements. Town system meets new requirements.
2. Town has capacity to handle Village sewer treatment, but will require significant engineering to switch Village sewage to Town
3. The systems should be integrated for long run efficiency. Suggested steps:
 - a. Consolidate the two sewer departments to manage as a single system
 - b. Pay for an engineering study to identify how to run all sewage to the Town facility. Study can identify whether or not to shut down the Village plant or keep it for additional capacity.

Village of Painted Post/Town of Erwin Options and Tax Impact Summary of Key Points

Facilities and Equipment Options Summary

Equipment:

DPW/Water/Sewer fleet reduction likely due to some duplication of large equipment. Potential opportunities: Pickups (unit cost new \$25,000), Sewer truck (unit cost new \$150,000), Sweeper (unit cost new \$180,000), Tractor with mower (unit cost new \$55,000). No specific recommendation at this time – should await review by the management of a consolidated department.

Facilities:

Sewers:

1. Sewer plant: using the Town sewage treatment plant exclusively and mothballing the Village plant would save \$30,000/year operating costs for meeting the additional watershed requirements, plus Village O&M costs net of additional incremental costs to the Town plant (no projection made at this time)
2. Will require investment in engineering and piping to run all sewers into the Town plant

Water:

1. Village faces large (\$4 million estimated) costs to replace its existing 4” water lines
2. Engineering study should be undertaken to develop plan for a fully integrated town/village water system. Whether or not the two water plant will continue would be determined by that study

Village buildings/facilities:

1. Village hall could continue to house Police. Rest of building could be leased to the Fire District. Essentially no cost savings projected as this would continue as a municipal building
2. Village DPW/Water/Sewer facility. If departments consolidated, could move into Town facility. However, whether or not the whole property could be re-used will be a function of what is determined for the water and sewer plant operations.
3. Village cemetery. Would become a town responsibility, as would all village parks
4. Agreement for downtown parking. Could revert to a business improvement district (B.I.D.) and be funded by the B.I.D. Would no longer be funded directly with public tax dollars

**Village of Painted Post/Town of Erwin Options and Tax Impact
Summary of Key Points**

Dissolution Fiscal Impact Options Summary

Baseline Model Savings: Tables B-2 and B-3

Administrative Function Model Savings: Tables A-2 and A-3

DPW/Water/Sewer Model Savings: Tables DPW-2, DPW-3

Combined Total Savings: Adding both the Administrative model savings and the DPW/Water/Sewer model savings to the Baseline model results in the following tables:

Table C-1 Combined Options Incremental Change to Baseline Impact of Dissolution Table B-2	
Description	Amount
Elimination of Village Board and related expenses	\$ (5,175.00)
Elimination of NYCOM Dues	\$(1,200.00)
Administration Cost Reduction	\$ (74,000.00)
DPW Cost Reduction	\$ (140,000.00)
Total Expense Reduction	\$ (220,375.00)
Loss of Gross Utilities Receipt Tax revenue	\$15,000.00
TOTAL Net Property Tax Increase or (Decrease)	\$(205,375.00)
CETC Incentive from NYS - Additional Revenue	\$565,069.00

Table C-2 – Combined Options Incremental Change to Baseline Impact of Dissolution Table B-3		
	Former Village	Former TOV
Townwide - including Administration Reductions	\$6.12	\$6.39
Former Village Debt District	\$0.56	-
New Fire District in Former Village	\$1.30	-
Police District in Former Village	\$4.32	-
Street Lighting District in former Village	\$1.08	
Total*	\$13.38	\$6.39
Impact of CETC	\$1.11	\$1.11
TOTAL w/CETC	\$12.27	\$5.28

Source: Calculated by CGR

*Assumes Police District is Former Village Only

**For TOV, need to add the appropriate fire district taxes and any other special district taxes.

1. Assumes application of fund balance at same level as 2010-2011.
2. CETC is Citizen Empowerment Tax Credit.

Village of Painted Post/Town of Erwin Options and Tax Impact Summary of Key Points

Historical Background and Future Trends

This paper reviews key historical background data for understanding the current financial condition of the Village and Town

1. Expenditure growth:
 - a. Village expenditures 2000-2009 have gone up 5.13%/year (median value). Inflation over the same period averaged 2.69%
 - b. Town expenditures 2000-2009 have gone up 3.44%/year (median value). Inflation over the same period averaged 2.69%
2. Tax levies growth:
 - a. Village tax levies 2000-2009 have gone up an average of 6.07%/year. Inflation over the same period averaged 2.69%
 - b. Town tax levies 2000-2009 have gone up an average of 5.53%/year. Inflation over the same period averaged 2.69%
3. Taxable assessed value:
 - a. Village taxable assessed values 2000-2009 declined an average of .15%/year. Inflation over the same period averaged 2.69%
 - b. Town-Outside Village taxable assessed values 2000-2009 have gone up an average of 4.54%/year. Inflation over the same period averaged 2.69%

Conclusion: Since 2000, the Village has been faced with a structural deficit in its finances.

- Expenditures and tax levies have grown at double the rate of inflation.
- The taxable assessed value in the Village has been flat over the same time period.
- Projecting these trends forward to 2015, in the absence of any structural change, the 2015 village tax rate is projected to be in the range of \$21.00 to \$21.50, an increase of \$3.26 to \$3.76/\$1,000 over the 2011 rate of \$17.74/\$1,000.

Water Infrastructure Needs

Approximately 12,000 feet of 4” water mains need replacement. Initial estimated cost to replace: \$4 -\$5 million. These additional costs will be charged to village water rate payers.

PAINTED POST WATER OPERATIONS OPTIONS

This brief review is intended to address two questions posed by the Committee:

1. Can a Village divest itself of its water operations to its surrounding Town?
2. Are there any restrictions on the use of revenue earned from a Town Water District?

The following are not legal opinions, as CGR is not legal counsel. However, they represent our informed opinion about likely options. Prior to taking any specific action, the Committee may wish to seek an opinion from the Village and/or Town legal counsel.

Sections of Law Referenced by CGR

- *Village Law – Article 11-1128*
- *General Municipal Law – Article 5-B, Section 111*
- *Town Law – Article 12, Section 198-3 and 202-A, Article 12-A Section 209*
- *OSC Opinion 2006-10*

Question 1:

Village Law Article 11-1128 specifically empowers villages to divest themselves of their water supply and/or distribution systems provided that their operations are sold to a water authority, a county water district, a joint water works operation or to any person or public corporation that may discontinue its use as a potable water supply (provided in the last case that the village board determines the water supply or distribution system is no longer needed by the village). In the case of a village discontinuing operation of its water works in deference to the town assuming operational control, it would appear that the most applicable reference is to divesting into a joint water works operation. In this regard, General Municipal Law Article 5-B, Section 111 becomes relevant. This article empowers municipalities to enter into contract to provide a common water supply. Section 113 of the same Article details that management of the joint water works operation could be assumed by one or both of the entities.

Town Law Article 12, Section 198, part 3 empowers town boards to build, regulate and administrate water works operations. Town law allows for the creation or extension of water districts and/or improvement districts as articulated in Article 12-A, Section 209. Section 209 does limit the extension of boundaries inside of villages unless villages provide consent. The extension of a water district boundary inside the Village would be subject to local law passed by the Village and subject to a public referendum on petition as expressed in Section 24 of the municipal home rule law or permissive public referendum expressed in Article 9 of Village Law. Based on these laws the town would have to create or extend its boundaries for a water district entering into contract with the village for a joint water works operation, and the village would have to approve the measure subject to referendum.

Question 2:

The Office of State Comptroller issued a legal opinion in 2006 labeled as Opinion 2006-10 which speaks in a general sense to this question. The opinion states that revenue that is received as a result of a town wide function would inure to the town general fund. However, revenue that is the result of a district or improvement district will inure to the benefit of that district. Town Law Article 12 Section 198(3d) also states that water rates may be established and will apply to the maintenance, operation, improvement or enlargement of the district and for the payment of principal and interest on debt incurred for the district.

The OSC 2006-10 opinion also renders that certain employee costs for the establishment or maintenance of districts and/or their improvements can be charged back to the district. Town law Article 12-A, Section 202-A specifically empowers the town board to charge the cost of maintenance for districts against the district.

Summary of Options

The above suggests there are two policy options that could be considered:

1. The Village could, through an IMA, contract with the Town to run the Village Water system, i.e. provide the staff and equipment needed to run the day-to-day operations of the system. This could include having the town run all the billing operations for Village water. The Village would continue to own the system. As such, it would continue to be a department of the Village, the Village would set rates, obtain the revenues and manage water revenues consistent with Village law.
2. The Village could divest itself of its water system to the Town. Under that scenario, the former Village water system would become a Town water district. Current Village Water customers would continue to pay the full costs of the current. Excess revenues (and/or costs) would remain within the water district, to be used for capital investments. The Town could charge the district for administrative and other costs consistent with Town law.

Additional Note For Sewer

It appears that the Village has the same options for its sewer operations as for its water operations (Article 14 - 1436 of Village Law).

Additional Note for Village DPW Operations

The Village could, through an IMA, contract with the Town of Erwin to provide all DPW, Water and Sewer operations (Option 1 as described above). There is ample precedent for this from towns and villages across the state. Under this scenario, the Village would continue to own the infrastructure, set rates and receive revenues, and pass some or all of those revenues to the Town as negotiated through the IMA.